

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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In the Matter of the Application of
Southern California Gas Company
(U904G) For Approval of The Branch
Office Optimization Process

Application 13-09-010
(Filed September 16, 2013)

**REPLY COMMENTS OF SOUTHERN CALIFORNIA GAS COMPANY
(U 904 G) ON PROPOSED DECISION**

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TABLE OF AUTHORITIES

Statutes

D.92-08-038	3
D.07-05-058	5
D.08-07-046	3
D.13-05-010	4, 5

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Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Southern California Gas Company (“SoCalGas”) provides these reply comments concerning the Proposed Decision of Administrative Law Judge (“ALJ”) Anthony Colbert, issued on May 23, 2016, entitled *Decision Granting, in Part, and Denying in Part, Southern California Gas Company’s Request For Permission to Close Six Branch Offices*” (the “Proposed Decision”).

These reply comments respond to the Utility Workers Union of America’s (“UWUA”) Opening Comments on the Proposed Decision filed on June 13, 2016. SoCalGas does not agree with comments made by UWUA as described herein.

I. UWUA’S ARGUMENTS ARE NOT SUPPORTED BY RECORD EVIDENCE

A. Closing the Branch Offices Will Not Adversely Affect Low-Income, Special Needs, or Elderly Customers

UWUA’s argument that closing the Bellflower, Monrovia, Santa Monica, and Palm Springs branch offices will adversely affect low-income, special needs, or elderly customers, is incorrect and unsupported by the record. In fact, the Proposed Decision concluded based on the evidence in the record that closing the Bellflower, Monrovia and Santa Monica branch offices “will not disproportionately impact low-income, elderly or disabled customers, because those

customers will continue to have access to reasonably comparable customer service through alternate means.”¹ Similarly, the Proposed Decision found that closing the Palm Springs branch office will not result in disproportionately negative impacts on low-income, elderly or disabled customers, “following satisfactory implementation of an alternative method of identity verification.”²

SoCalGas’ Branch Office Optimization process addressed and resolved any concerns about the adverse impact that closing branch offices could potentially have on low-income customers. First, SoCalGas incorporated three low-income screens in its Branch Office Optimization Process to mitigate disparate impacts to low-income, disabled, and elderly customers.³ Second, SoCalGas researched the payment channels used by CARE customers in 2012 and determined that low-income customers would not be adversely impacted by closing the branch offices because 87% of CARE customer payments are not made at branch offices.⁴ In fact, SoCalGas found that CARE customers are much more likely to pay their bills by self-service option, mail, or alternative payment locations (“APLs”). This is supported by the fact that of the 17.5 million CARE customer payments received in 2012, 7.8 million or 44.5% were made using a self-service payment channel, 5.2 million or 30% were made by mail, and 2.1 million or 12.3% were made at an APL.⁵ Moreover, the majority of CARE customers do not

¹ Proposed Decision at COL 6.

² *Id.* at pp. 44-45.

³ These three screens exclude: (1) branch offices in areas in which the median household income is below the 2013 CARE income guideline; (2) branch offices in which the percentage of cash transactions is greater than or equal to 72% -- the median number of cash payments for all branch offices in 2012; and (3) branch offices in areas in which the percentage of unique CARE customers is greater than the 2012 median of 66.1%.

⁴ Prepared Direct Testimony of Michael Baldwin at pp. 32-33.

⁵ *Id.* at p. 32.

conduct non-payment transactions at branch offices. Customer service orders constitute only 2-3% of branch office transactions.⁶

SoCalGas is sensitive to the role that branch offices can play in assisting special needs and elderly customers.⁷ However, closing these particular branch offices will not have a disproportionate effect on special needs or elderly customers. Customers of these branch offices may select reasonably comparable and convenient payment and service options. Special needs and elderly customers have various electronic payment options, as well as local payment alternatives such as APLs, or other branch offices, all of which are ADA-complaint.

Furthermore, Southern California Edison (“SCE”) customers, who are generally the same SoCalGas customers, do not have SCE branch offices available to them in these communities. These same customers include low-income, elderly, and special needs customers. These customers are able to conduct utility transactions with SCE in the same way SoCalGas customers will be able to (e.g., APLs). Contrary to UWUA’s arguments, low income, special-needs, and elderly customers will not be disproportionately affected by the branch office closures approved in the Proposed Decision.

B. SoCalGas Customers Have Adequate and Sufficient Alternatives

UWUA argues that SoCalGas is required to offer a “one-stop” shop (i.e., branch offices offer the full range of services, including payment receipt, information and field services to all customers), that restricting access to customer service representatives is a deprivation of service, and that SoCalGas’ alternatives are not adequate and sufficient. However, the Proposed

⁶ *Id.* at p. 29.

⁷ *Id.* at pp. 33-34.

Decision found that Decision (D.) 92-08-038 and D.08-07-046 did not require a “one-stop” customer service, and specifically noted that the concept was recently rejected in D.13-05-010.⁸

SoCalGas customers have an array of reasonably comparable and convenient payment and service options to choose from, including APLs, mail, My Account, home banking, direct debt, debit card, credit card, electronic check, or pay by phone. Non-payment transactions can be managed by calling SoCalGas’ toll-free Customer Contact Center (CCC) or using My Account.

These adequate and comparable options provide SoCalGas customers with the ability to conduct payment and service transactions that UWUA argues would otherwise be conducted at branch offices. In fact, these alternative options are more convenient for SoCalGas’ customers as several provide services to customers beyond normal branch office business hours. UWUA mistakenly argues that APLs do not provide adequate service to customers because they do not provide a drop box for after-hours payments. In reality, there is no need for an after-hours drop box at an APL because most APLs operate business hours that extend beyond the branch office business hours and are open on weekends. Nonetheless, some APLs do have drop boxes for customers who do not want to wait for a receipt. Consequently, SoCalGas customers have reasonably comparable and convenient payment and service alternatives.

II. IT IS IN THE BEST INTEREST OF SOCALGAS CUSTOMERS TO CLOSE THE FOUR BRANCH OFFICES

If UWUA’s argument is accepted, then no branch office should ever be closed as long as a single customer is using that branch office. This makes no sense. UWUA relies on a decision from the early 1990s to support its position. In this particular situation, that decision was issued before the internet and cell phones were prevalent, and before the numerous alternatives listed in

⁸ Proposed Decision at p. 31.

Section I(B) were available. As the Proposed Decision recognizes, “technology has changed the way that customers interact with their utilities.”⁹ Accordingly, it is unreasonable for SoCalGas customers to continue to fund underperforming and costly branch offices and unfairly burden the majority of customers. The fact is that an overwhelming majority of SoCalGas customers do not use branch offices. Those few customers who use branch offices do so mostly for the sole purpose of remitting payment for which there are adequate and sufficient alternatives. Closing these branch offices will financially benefit all SoCalGas customers. Both the Proposed Decision and prior Commission decisions recognize that it is reasonable to close branch offices.¹⁰ In light of the continuing decline in branch office transactions and the continuing high cost of branch office service, the Proposed Decision correctly approves closing these branch offices.

III. CONCLUSION

SoCalGas supports the Proposed Decision but continues to recommend that the Proposed Decision be modified to allow SoCalGas to file a Tier 2 Advice Letter, rather than a Tier 3 Advice Letter, in order to seek Commission approval to close the Palm Springs branch office.

Respectfully submitted,

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⁹ *Id.* at p. 27.

¹⁰ See Proposed Decision; D.13-05-010; D.07-05-058.